

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.¹

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ORDER CONCERNING NON-COMPLIANCE WITH THE PUERTO RICO RECOVERY
ACCURACY IN DISCLOSURES ACT AND THE COURT'S ORDERS RELATED THERETO

On August 23, 2022, the Court entered the *Order to Show Cause Regarding Non-Compliance with the Puerto Rico Recovery Accuracy in Disclosures Act and the Court's Orders Related Thereto* (Docket Entry No. 21902 in Case No. 17-3283)² (the "Order to Show Cause"). The Court has reviewed all of the responses filed concerning the Order to Show Cause (the "Responses").

Two of the Responses, filed by the Law Offices of Andrés W. López, P.S.C. ("Andres W. Lopez") and DevTech Systems, Inc. ("DevTech"), respectively, assert that those professionals performed services for which they have already been compensated prior to the

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² All docket references herein refer to the docket for Case No. 17-3283.

enactment of the Puerto Rico Recovery Accuracy in Disclosures Act of 2021, Pub. L. No. 117-82 (“PRRADA”) pursuant to interim—but not final—fee applications. Andres W. Lopez and DevTech assert that they do not anticipate filing future fee applications. (*See Statement of the Law Offices of Andrés W. López, P.S.C. in Response to the Order to Show Cause Regarding Non-Compliance with the Puerto Rico Recovery Accuracy in Disclosures Act and the Court’s Orders Related Thereto*, Docket Entry No. 21969; *DevTech’s Response to Order to Show Cause Regarding Non-Compliance with the Puerto Rico Recovery Accuracy in Disclosures Act and the Court’s Orders Related Thereto*, Docket Entry No. 21985.) One professional that did not respond to the Order to Show Cause, Cancio, Nadal, Rivera & Diaz, PSC (“Cancio” and, together with Andres W. Lopez and DevTech, the “Non-Disclosing Professionals”), similarly appears to have performed services prior to PRRADA and already filed and received approval of interim—but not final—fee applications.

The Court reminds the Non-Disclosing Professionals that “[a]ll fees and expenses paid to Professionals under the Interim Compensation Procedures are subject to disgorgement until final allowance by the Court.” (*See Third Amended Order Setting Procedures for Interim and Final Compensation and Reimbursement of Expenses of Professionals* ¶ 3.i, Docket Entry No. 20546.) *Cf.* 3 COLLIER ON BANKRUPTCY ¶ 331.04 (16th ed. 2022) (“A final fee application must be filed at the end of each professional’s engagement or the end of the case, even if the professional is not seeking any additional compensation or payment. Any amounts that were awarded as interim compensation are subject to reconsideration at any time prior to the final award, for any reason. . . . The professional will have to return any moneys to the estate that have been paid, but which are not finally awarded.”). The Puerto Rico Oversight, Management, and Economic Stability Act, as amended by PRRADA, prohibits compensation to professionals that have not filed the disclosures required by PRRADA, and permits the Court to deny allowance of compensation or reimbursement of expenses if a professional has failed to file required disclosures prior to filing a fee application on or after January 20, 2022, regardless of when services were rendered by a particular professional. *See* 48 U.S.C. § 2178(b)(1), (e).

Counsel to the Puerto Rico Fiscal Agency and Financial Advisory Authority is directed to provide a copy of this Order to the Non-Disclosing Professionals and file an informative motion certifying such provision promptly.

SO ORDERED.

Dated: September 6, 2022

/s/ Laura Taylor Swain
LAURA TAYLOR SWAIN
United States District Judge